

September 29, 1999

ROBERT E. MADDERN
MANAGER, METRO OPERATIONS

SUBJECT: Northern Virginia District's Process for Submitting, Controverting, and
Challenging Injury Claims (Report Number HC-AR-99-001)

We are providing this final report for your information. This report presents the results of our audit of the Northern Virginia District's process for submitting, controverting, and challenging injury claims (Project Number 99RA004HC000). The audit was self-initiated and included in our fiscal year 1999 Annual Performance Plan.

The audit revealed opportunities for improving timeliness, controversions, challenges, and management control of injury claims. Management concurred with eight recommendations and non-concurred with three recommendations. We considered management comments on a draft of this report in preparing the final report and we have included those comments in Appendix B.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions or need additional information, please contact [REDACTED] or me at [REDACTED]

Sylvia L. Owens
Assistant Inspector General
for Revenue/Cost Containment

Attachment

cc: Yvonne D. Maguire
Alan B. Kiel
John R. Gunnels

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EXECUTIVE SUMMARY

Introduction

The Federal Employees' Compensation Act, Title 5, United States Code, Chapter 81, provides compensation and medical benefits to civilian employees of the United States for disabilities due to personal injury or disease sustained while in the performance of official duty. In 1974 the Federal Employees' Compensation Act was amended, increasing benefits and significantly changing the law by adding provisions such as continuation of pay and claimant's choice of physician. The effect of this amendment eventually led to the establishment, in 1978, of the United States Postal Service (USPS) Injury Compensation Program. To qualify for benefits under the Act, the employee must establish that an injury was related to their employment. In addition, the employee must submit a claim within the time limits established by the Act. We completed a self-initiated audit to determine whether the USPS Northern Virginia District's Injury Compensation Control Office could improve its process for submitting, controverting, and challenging injury claims.

Results in Brief

Our audit concluded that the Northern Virginia District's Injury Compensation Control Office could improve its processes for timely claim submissions, controversions, and challenges of claims. Specifically, supervisors and injury compensation specialists did not always timely process injury claims, which caused delays in the Department of Labor, Office of Workers' Compensation Programs, processing of USPS employees' injury claims. Also, USPS injury compensation specialists did not always properly controvert and challenge injury claims causing submission of incomplete information for adjudication to the Department of Labor, Office of Workers' Compensation Programs. Furthermore, the USPS injury compensation manager did not establish adequate management controls over injury claims to ensure that policies and procedures established by USPS and the Federal Employees' Compensation Act were followed.

Summary of Recommendations

We recommended that the Manager, Metro Operations, direct that the District and Plant managers hold supervisors accountable for submitting injury claims timely. We also recommended that the Manager, Metro Operations, direct the Northern Virginia District's Human Resources Manager to reemphasize the importance of applying existing procedures when processing and reviewing injury claims and to develop additional management controls over injury claims.

**Summary of
Management's
Comments**

Management agreed with eight recommendations and disagreed with three recommendations. More specifically, management agreed to develop a management tool and a separate injury management kit that can be used to ensure that supervisors submit injury claims in a timely manner. In addition, management agreed to apply existing procedures when processing and reviewing injury claims. However, management did not agree to review and validate timelag data. Instead, management stated that the timeliness of injury reporting would be validated and corrected through the Department of Labor's Agency Query System. Furthermore, management did not agree to ensure that claim control registers are substantially completed for all open and for any future claim case files. They stated that claim control registers were included in their procedures as guidance and not as a requirement. Finally, management did not agree to provide original claim forms to the Department of Labor, Office of Workers' Compensation Programs. We have summarized management's responses in the report and included the full text of the comments in Appendix B.

**Overall Evaluation of
Management's
Comments**

Where management concurred or provided an alternative to our recommendation, management's planned actions are generally responsive and address the issues identified in this report. Based on management's comments, we withdrew one of our recommendations and considered management's comments related to another recommendation as non-responsive.

INTRODUCTION

Background

The Department of Labor, Office of Workers' Compensation Programs (the OWCP), has sole responsibility for administering the Federal Employees' Compensation Act, to include adjudication¹ of claims and payment for related medical expenses. The Code of Federal Regulations, Title 20, Part 10, December 20, 1998, establishes rules applicable to the filing, processing, and payment of claims for workers' compensation benefits under the Federal Employees' Compensation Act. Specifically, Section 10.110(b) of the Code of Federal Regulations, Title 20, Part 10, December 20, 1998, states in-part that "the employer must complete and transmit the injury claim form to the OWCP within 10 working days [14 calendar days] after receipt of the injury claim form from the employee."

The USPS Northern Virginia District's Injury Compensation Control Office (the Control Office) timely processed approximately 77 percent of all injury claims submitted during the scope of our audit. Also, approximately 77 percent of the injury claims controverted² or challenged³ were decided in favor of the USPS.

Objective, Scope, and Methodology

Our overall objective was to determine the adequacy of the USPS Northern Virginia District's process for submitting, controverting, and challenging injury claims. Specifically, we determined why injury claims were submitted in an untimely manner. We also evaluated whether injury compensation specialists properly controverted and challenged injury claims. In addition, we determined if adequate management controls were established over injury claims to the OWCP.

To conduct the audit, we reviewed OWCP's Time Lag reports⁴ for Fiscal Year (FY) 1998 through the second quarter of FY 1999 generated from the USPS Workers' Compensation Information and Reporting Systems and judgmentally selected and reviewed 42 injury claims that were submitted more than 30 calendar days after receipt from injured employees. We considered injury claims submitted over 30 calendar days to be

¹ The process whereby OWCP considers all information submitted by the employee, employer, and from its own investigation to reach a decision regarding entitlement to Federal Employees' Compensation Act benefits.

² The process when the USPS disputes the entitlement of continuation of pay for a traumatic injury.

³ The process whereby the USPS can dispute any aspect of a claim except continuation of pay entitlement or dispute the entire claim for a traumatic injury, occupational disease or illness, or survivor benefits.

⁴ A management report generated from the USPS Workers' Compensation Information and Reporting Systems, using data provided by OWCP, to track the timeliness of injury claim submissions.

unreasonable when compared to the 14-calendar day time-frame required by the Code of Federal Regulations, Title 20, Part 10. We also judgmentally selected and reviewed 26 injury claims from the USPS Human Resources Information System that were controverted or challenged by the Control Office and adjudicated by the OWCP. Although we used computer-generated data to support findings and conclusions, we did not validate application controls. Instead, we assessed the reliability of this computer-generated data by reviewing source documents and through discussions with management officials.

We conducted the audit fieldwork from December 1998 through August 1999 in accordance with generally accepted government auditing standards and included such tests of management controls as deemed necessary under the circumstances. We discussed our conclusions and observations with appropriate management officials.

Prior Audit Coverage

We identified three audit reports issued by the USPS Inspection Service and the Department of Labor Inspector General that address the timeliness of injury claim submissions, controversions, and challenges. We did not identify any audit reports from the General Accounting Office that were related to our audit objectives (see Appendix A for details of prior audits).

AUDIT RESULTS

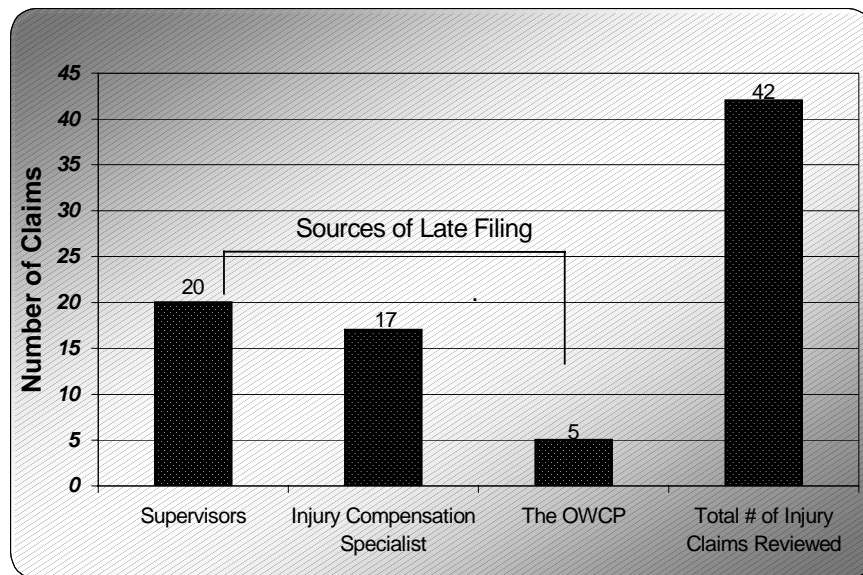
The USPS Northern Virginia District's process for submitting, controverting, and challenging injury claims needs improvement. Our audit disclosed that the Northern Virginia District supervisors and injury compensation specialists did not always process injury claim forms in a timely manner. Also, the injury compensation specialists did not always properly controvert and challenge injury claims. Furthermore, the injury compensation manager did not establish adequate management controls over injury claims to ensure that policies and procedures established by USPS and the Act were followed.

Timely Submission of Injury Compensation Claims

The USPS Northern Virginia District supervisors and injury compensation specialists did not always process injury claim forms in a timely manner. Specifically, of the injury claims reviewed, supervisors did not submit timely 20 of the 42 valid injury claims to the Control Office after receipt from injured employees. In addition, the injury compensation specialists did not adequately use established procedures to prevent 17 of the 42 valid injury claims from being untimely submitted to the OWCP. We found that the OWCP incorrectly reported the remaining 5 of the 42 valid injury claims as untimely. The untimely submission of injury claims by responsible group is depicted in Chart 1.

These conditions occurred because the Control Office had not established a mechanism to hold supervisors accountable for timely submission of injury claims. In addition, injury compensation specialists did not distinguish between reportable and non-reportable injury claims that were submitted to the OWCP, nor did the injury compensation manager periodically perform reviews to ensure that established processing procedures were followed. Moreover, the injury compensation specialists did not validate Time Lag reporting for any injury claims. Consequently, untimely submission of injury claim forms did not allow the OWCP an opportunity to act promptly on compensation benefits. In addition, not performing reviews of Time Lag reports increases the possibility that timely processed injury claims could be incorrectly reported as untimely in USPS performance reports.

Chart 1 - Late Filed Injury Claims Reviewed



Best Practice

We observed that three Northern Virginia District Safety and Health Services Offices have placed in operation a Supervisor's Accident Management Kit. This kit is primarily used to ensure that supervisors report accidents in a timely manner. We believe this kit could be used as a model to develop an injury management kit to satisfy the Control Office's requirements to facilitate prompt and accurate investigation, proactive management, and timely reporting of injuries by supervisors.

Recommendations

1. We recommend that the Manager, Metro Operations, direct:

District and Plant Managers to ensure supervisors submit injury claims timely when received from injured employees. Further, we suggest that a management tool⁵ be developed holding supervisors accountable for not executing their injury reporting responsibilities. This management tool should include provisions that address supervisors' unsatisfactory performance.

⁵ During our audit, we found that the Northern Virginia Customer Service District's Safety and Health Services Office uses a notification letter to inform managers and supervisors of accident reporting discrepancies. The letter states that "when managers and supervisors do not comply with established procedures, in order to reiterate accountability, unsatisfactory performance will be documented and appropriate action should be taken."

Management's Comments	Management concurred with the recommendation and stated that the responsibility for developing and maintaining this tool has been communicated to the manager, Injury Compensation Control Office, and is currently in place.
Evaluation of Management's Comments	We evaluated management's comments and determined those comments to be responsive.
	<p>2. We recommend that the Manager, Metro Operations, direct the Northern Virginia District's Human Resources Manager to:</p> <ul style="list-style-type: none">a) Reemphasize to personnel in the Injury Compensation Control Office the importance of applying existing procedures for distinguishing between reportable and non-reportable injury claims.b) Require the injury compensation manager to periodically perform supervisory reviews of injury claims to ensure that established procedures are followed.c) Require the injury compensation manager to direct the injury compensation specialists to review the Time Lag report on a monthly basis to validate all injury claims that are reported as late and request corrections with the Department of Labor, Office of Workers' Compensation Programs, where necessary.d) Consider developing and disseminating an injury management kit for use by supervisors throughout the Northern Virginia District.
Management's Comments	Management concurred with recommendations 2.a. and 2.b. and will apply existing procedures for distinguishing between reportable and non-reportable injury claims and to perform supervisory reviews of injury claims. Management did not concur with recommendation 2.c. and proposed an alternative action to resolve the issue associated with this recommendation. Management concurred with recommendation 2.d. and has established a target completion date of the first quarter of FY 2000 to develop and disseminate an injury management kit.

**Evaluation of
Management's
Comments**

We evaluated management's comments for recommendations 2.a., 2.b., and 2.d. and determined those comments to be responsive. While management non-concurred with recommendation 2.c., we evaluated management's alternative action and determined that it is responsive to the intent of our recommendation.

Effectiveness of Controverting and Challenging Injury Claims

The USPS injury compensation specialists did not always properly controvert and challenge injury claims reviewed. Specifically, we found that 18 of the 26 controverted and challenged injury claim packages⁶ either lacked a cover letter (the most important part of the package) or information in the cover letter was not clearly stated to support the USPS position. This condition occurred because the injury compensation specialists did not follow USPS guidance to prepare and document controversion and challenge injury claim packages, nor did the injury compensation manager review controversion and challenge injury claim packages before submission to the OWCP for adjudication. As a result, the injury compensation specialists provided incomplete controversion and challenge package information to the OWCP for adjudication. Furthermore, the injury compensation specialists' practice of submitting incomplete controverted or challenged injury claim packages could result in an increased possibility that compensation benefits were erroneously paid.⁷

Recommendations

We recommend that the Manager, Metro Operations, direct:

3. The Northern Virginia District's Human Resources Manager to:
 - a) Instruct injury compensation specialists to follow existing guidance for preparing well-documented controversion and challenge packages to ensure that the Department of Labor, Office of Workers' Compensation Programs, receives accurate and complete information.
 - b) Instruct the injury compensation manager to periodically perform and document a supervisory review of controverted or challenged packages to ensure that packages are well documented and properly prepared.

⁶ Controverted or challenge packages should contain an appropriate reason to controvert or challenge, a cover letter, supervisor and witness statements, medical evidence, the injury claim, and any other pertinent documentation.

⁷ USPS Handbook EL 505, Injury Compensation, Chapter 8, Controversion and Challenge, Section 8.3, states in-part that the "early and proper identification of controverted or challenged claims is essential to permit the OWCP to give these claims priority in processing, and to avoid the possibility of substantial or erroneous payments of compensation benefits."

**Management's
Comments**

Management concurred with the recommendations and will follow existing guidance for preparing controversion and challenge packages and periodically perform supervisory reviews of controverted or challenged packages.

**Evaluation of
Management's
Comments**

We evaluated management's comments and determined those comments to be responsive.

Management Controls

The USPS injury compensation manager did not establish adequate management controls over injury claims submitted to the OWCP. Specifically, for the total of 68 injury claims that we reviewed, we noted that management controls did not exist to:

- Prevent outdated claim forms representing valid injury claims from being sent to the OWCP;
- Ensure that original injury claim forms were subsequently provided to the OWCP;
- Prevent “file-only” injury claims from being inappropriately faxed to the OWCP; and
- Ensure that “Claims Control Registers” were used in managing injury case files.

This occurred because the USPS injury compensation manager was not aware of the OWCP and USPS management control requirements. As a result, outdated injury claim forms were submitted contrary to OWCP policies and procedures.⁸ Original injury claim forms were not forwarded to the OWCP thereby preventing the OWCP from possessing mandatory claims documentation. File-only injury claims were submitted to the OWCP that normally could have lead to unneeded Department of Labor, Occupational Safety and Health Administration,⁹ scrutiny and/or audits of the USPS. Furthermore, proper use of claim control registers allows internal staff and external reviewers the ability to obtain a chronological listing of events that have occurred on each individual claim.

Recommendations

We recommend that the Manager, Metro Operations, direct:

4. The Northern Virginia District's Human Resources Manager, in coordination with the manager of the Injury Compensation Control Office, to immediately establish management controls to:
 - a) Ensure that only current claim forms are provided to USPS employees and only current claim forms are submitted to the Department of Labor. Office of Workers'

⁸ The Federal Employees Compensation Act Circular 98-02, October 24, 1997, states in-part to “discard all copies of former versions of injury claim forms as the revisions have legal implications, use of the outdated forms is prohibited.”

⁹ The Department of Labor, Occupational Safety and Health Administration (OSHA), has in prior years used the OWCP's claims data to determine which federal establishments would be targeted for inspection. However, since passage of the Postal Employee's Safety Enhancement Act, the OSHA must treat the USPS as a private sector employer and has indicated that it will no longer use OWCP claim data for targeting the USPS establishments for inspection. Instead, OSHA has indicated that it will rely upon Bureau of Labor Statistics survey data to determine which USPS establishments, if any, will be targeted.

Compensation Programs.

- b) Ensure that original claim forms are subsequently submitted as soon as possible after faxing the claims to the Department of Labor, Office of Workers' Compensation Programs.
- c) Prevent any future faxing or mailing of "file-only" claim files to the Department of Labor, Office of Workers' Compensation Programs.
- d) Ensure that Claim Control Registers are substantially completed for all open and for any future claim case files.

**Management's
Comments**

Management concurred with recommendations 4.a. and 4.c. and stated that they will institute the use of current claim forms and will prevent the future faxing or mailing of "file-only" claims except when warranted. Management did not concur with recommendation 4.b. and stated that by agreement with the Department of Labor's, Office of Workers' Compensation Programs, District 25, original claim forms are filed in the USPS Injury Compensation Control Office case files. In addition, management did not concur with recommendation 4.d. and cited recent changes in the Federal Employees' Compensation Act to support their position.

**Evaluation of
Management's
Comments**

We evaluated management's comments for recommendations 4.a. and 4.c. and determined those comments to be responsive. Regarding recommendation 4.b., USPS Headquarters, Human Resources, Safety and Workplace Assistance personnel stated that since the 12 OWCP Districts individually establish retention policy for injury claim forms they would support any policy implemented by the individual OWCP Districts for retention of injury claim forms.

In a subsequent conversation with the Department of Labor, Office of Workers' Compensation Programs, Director, District 25, we were advised that District 25 desires the USPS to forward original injury claim forms to District 25 after faxing original injury claim forms. The Director, District 25, also stated that he was not aware of any legal precedent that will allow faxed documents and signatures to be substituted for original documents and signatures. The Director, District 25, addressed potential duplication of injury claims and related payments by stating that the USPS could batch mail the original injury claim forms to another designated location other than the

OWCP Case Create Section in District 25. Accordingly, we found that management's comments relating to recommendation 4.b. were not supported. Therefore, we request that the USPS Headquarters, Safety and Workplace Assistance personnel, Manager, Metro Operations, and the OWCP Director, District 25, resolve the issue associated with recommendation 4.b.

In addition, management did not concur with recommendation 4.d. We considered management's comments and further discussed this issue with USPS Headquarters, Human Resources, Safety and Workplace Assistance personnel. We were advised that due to changes in the Code of Federal Regulations, Title 20, Part 10, January 4, 1999, all communication with USPS employees' attending physician must be in writing. Consequently, documentation on the Claim Control Register is no longer critical. As a result, we have withdrawn our recommendation for the establishment of management controls over claim control registers.

Prior Audit Coverage

United States Postal Inspection Service

Case# 044-1233190-PA(2), "Joint Audit of Injury Compensation and Safety Programs," August 11, 1998	This audit was conducted as a joint audit between the USPS Inspection Service and the Department of Labor Inspector General. The report stated that injured employee case management activities did not conform to Federal Employees' Compensation Act and USPS mandated procedures. This condition increased the risk that the USPS could be penalized by the Department of Labor, prolong the process of adjudicating claims, produce additional administrative costs, and hinder employee productivity. The report recommended that the Midwest Area Vice President, Operations, issue instructions re-emphasizing the importance of complying with the requirements outlined in Federal Employees' Compensation Act and the Handbook EL-505 as detailed in the finding. Management agreed with the finding and recommendation.
Case#044-1224398-PA(2), "Office of Workers' Compensation Program – New York Metro Area," August 10, 1998	The report concluded that the seven districts of the New York Metro Area could execute management of the Workers' Compensation Program in a more efficient and cost effective manner. Specifically, the areas where improvements could be made were in Case Management, Goal Setting, Training, Monitoring Medical Expenses, Staffing, and Home Visitation. Management agreed to all of the recommendations.
Case#035-1226281-AO(1), "Review of Workers' Compensation Program for U.S. Postal Service Employees," May 10, 1995	The report stated that the USPS did not submit injury claims in a timely manner to the Department of Labor, Office of Workers' Compensation Programs. This condition resulted in interruptions of incomes to over half the injured employees for the claims reviewed. In addition, communications between the Injury Compensation Unit and Department of Labor, Office of Workers' Compensation Programs district personnel were not sufficient to ensure the effective and efficient resolution of controverted or challenged claims. The report recommended that the injury compensation manager ensure that the injury compensation

units are verbally advised of all reported on the job injuries within 24 hours of notice; and the importance of adhering to the 10 [sic] working days (14 calendar days) requirement for submission of injury claim forms. The report also recommended that the injury compensation manager:

- Develop and implement an evaluation program to monitor controversion packages to ensure higher quality controversion packages are prepared for adjudication, and
 - Provide guidance to the injury compensation specialists regarding controversions that require an investigation to ensure that sufficient supporting information is provided to the Department of Labor, Office of Workers' Compensation Programs.
- Management concurred with the recommendations.



September 13, 1999

SYLVIA OWENS

SUBJECT: Audit of the Northern Virginia District's Process for Submitting, Controverting, and
Challenging Injury Claims (Audit Report Number HC-AR-99-Draft)

This refers to your August 12 memorandum offering us the opportunity to comment on the issues
contained in the above referenced draft audit report.

Our comments and concurrence or nonconcurrence with each finding and recommendation are arranged
in the same format as the draft audit report on the attachments.

Thank you for the opportunity to comment.


Robert E. Madden

Attachments

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**Audit of the Northern Virginia District's Process for Submitting,
Controverting, and Challenging Injury Claims
(Audit Report Number HC-AR-99-Draft)**

Executive Summary Recommendation

Introduction

The stated purpose of the audit is "to determine whether the Northern Virginia District Injury Compensation Control Office could improve its process for leave submitting, controverting and challenging injury claims." We are unclear as to the meaning of process for "leave submitting;" need information on the intent and outcome of this audit objective.

Results In Brief

The audit concludes that the Northern Virginia District Injury Compensation Control Office can improve its processes for timely claim submissions, controversies, and challenges of claims. We will address each result, in detail, under the appropriate heading below.

In general, however, it must be noted that the audit review of 63 claims included 52 claims that occurred prior to installing a new Manager, Injury Compensation, who has been implementing process improvements throughout the operation. Therefore, the audit findings do not accurately reflect the performance of the Northern Virginia Injury Compensation Control Office under the current manager. Northern Virginia District's current performance is above national average in timely submission of claims to the OWCP with a rate of 81 percent, and well above the national average for successful controversies and challenges of claims at 77 percent.

Introduction

Background

The 81 percent timely submission of injury claims to the OWCP referenced above is greater than the national average for the USPS and all other federal agencies and exceeds the target goal of 75 percent established by the Vice President, Human Resources. Attached is a Timelag Analysis by postal area, and federal agencies for FY 1999. The 77 percent success rate for controversies and challenges is well above the national average of 47 percent as confirmed by Safety & Health at Headquarters.

Objective, Scope, and Methodology

The Workers' Compensation Information and Reporting Systems data reported is not fully accurate due to the Office of Workers' Compensation Programs records. Specifically, a timelag review was conducted by the Capital Metro Operations at the Northern Virginia District on March 4, 1999. Forty-three claims reported as having been received by the OWCP greater than 30 days from the Date of Notice were reviewed. Our review identified OWCP process deficiencies in using the wrong item on Form CA-1/2 for Date Notice Received, resulting in inaccurate timelag reporting. Additionally, the OWCP Case Create clerks were not correctly inputting the Date Noticed Received and Date Received by the OWCP. In that the input date was being used in lieu of the actual received date. These deficiencies were communicated to the OWCP for corrective action. The audit team members were informed of the aforementioned deficiencies by the Area Human Resources Analyst following the exit conference. Also, only eight of the 42 claims reviewed by the audit team occurred during the current Manager, Injury Compensation, tenure.

Audit Results

Timely Submission of Injury Compensation Claims

Based upon the audit team spreadsheet, 20 of the 42 claims were not submitted timely to the Injury Compensation Control Office by supervisors, and, 17 of the 42 claims were untimely submitted to the Office of Workers' Compensation Programs as a result of the Human Resources Specialists not using adequate procedures. Further, the Office of Workers' Compensation Programs incorrectly reported the remaining five of the 42 injury claims as untimely.

Recommendations

1. We concur with the recommendation that a management tool be developed to identify management system errors in timely reporting of injuries. The responsibility for developing and maintaining this tool has been communicated to the Manager, Injury Compensation, and is currently in place. It should be noted that the Northern Virginia District timely submission rate is currently 81 percent within 14 days from receipt of written notification. As evidenced by the attached documentation, this is more than 16 percent above the national average of 70 percent and eight percent above the target goal of 75 percent established by the Vice President, Human Resources.
2. Regarding recommendations for the District Manager, Human Resources:
 - a) We concur with the recommendation that the Injury Compensation Control Office apply existing procedures for distinguishing between reportable and nonreportable injury claims; these procedures are in place.
 - b) We concur with the recommendation that the Manager, Injury Compensation, perform supervisory reviews of injury claims to ensure established procedures are followed, and this practice is ongoing.
 - c) We do not concur with the recommendation to require the Human Resources Specialists to review and validate the Timelag Report. Rather, we propose to continue with the current practice by which the Northern Virginia District attained 81 percent timely submission. In this process, the Northern Virginia District obtains the Office of Workers' Compensation Programs case number by reviewing the Agency Query System. At the time of the review, the Date Notice Received by the Office of Workers' Compensation Programs is compared to the Fax Confirmation Date contained within the Injury Compensation Control Office file. Any deficiencies noted are brought to the attention of the Office of Workers' Compensation Programs Case Create Supervisor at that time.
 - d) We concur with the recommendation to develop and disseminate an Injury Management Kit. The responsibility for developing and disseminating the Injury Management Kit has been communicated to the Manager, Injury Compensation, with a target completion date during Quarter I, FY 2000.

Effectiveness of Controverting and Challenging Injury Claims

The findings of the audit team indicate that 18 of 26 controverted and challenged claim packages either lacked a cover letter or, information contained in the cover letter was not clear. Although the findings indicate that the aforementioned practice could result in an increased possibility of erroneous payments, it is salient that no such finding was made as stated below.

Recommendations

3. Regarding recommendations for the Manager, Metro Operations:

- a) We concur with the recommendation that the Human Resources Specialists follow existing guidance for preparing controversion and challenge packages and this practice is ongoing.
- b) We concur with the recommendation that the Manager, Injury Compensation, periodically perform a supervisory review of controverted or challenged packages and this practice is ongoing.

It is important to note that the above referenced findings are not reflective of the Northern Virginia District success rate of 77 percent upheld controversions. This is well above the national average success rate of 47 percent upheld controversions.

Management Controls

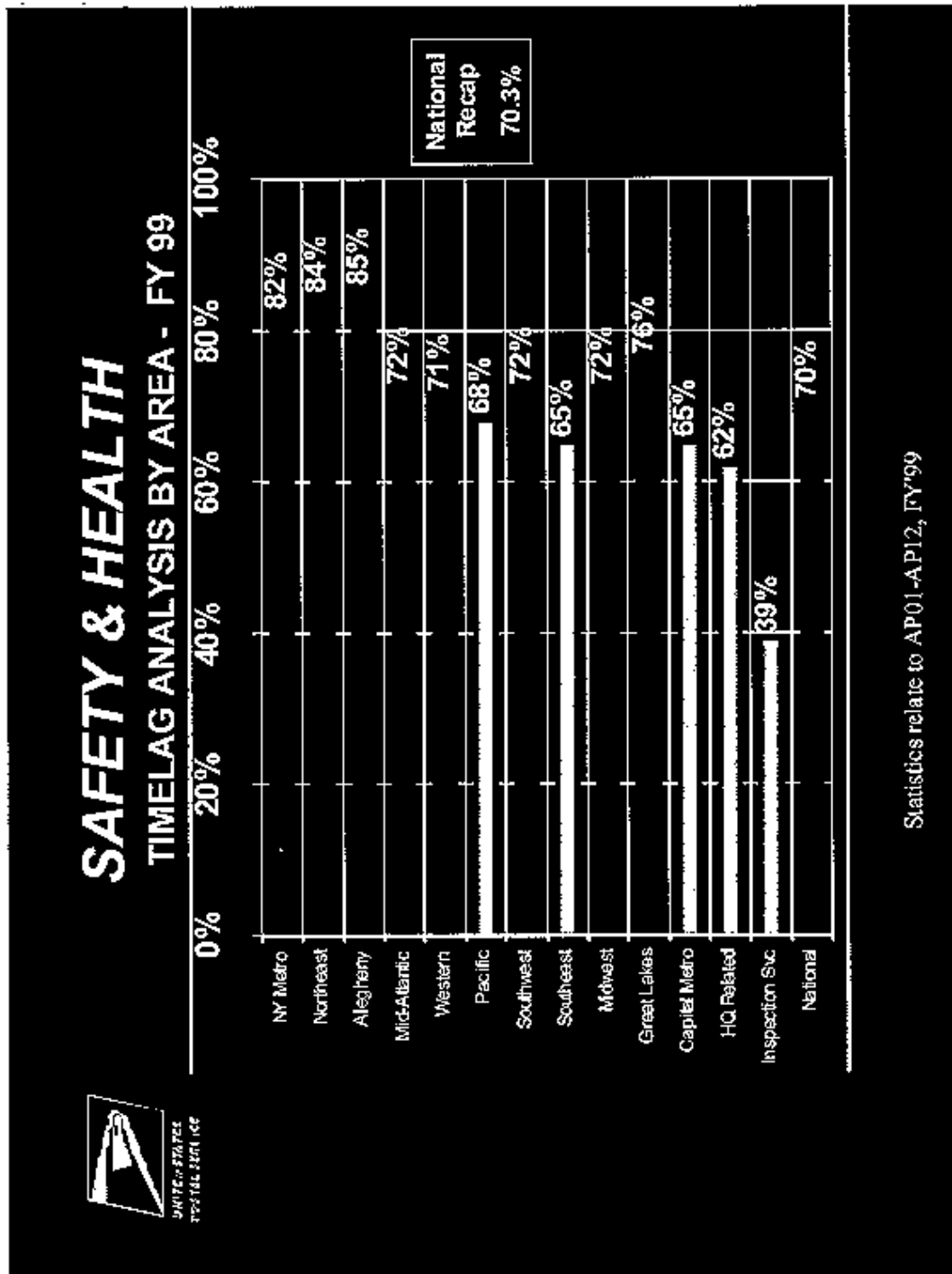
The findings of the audit team indicate that the Manager, Injury Compensation, did not establish adequate controls over injury claims submitted to the Office of Workers' Compensation Programs. However, of the 68 injury claims identified in the audit team spreadsheets, only 11 occurred under the current manager's responsibility. The statement that the "Injury Compensation Manager was not aware of the OWCP and USPS management control requirements" is not correct. The Manager, Injury Compensation, is aware of the management control requirements.

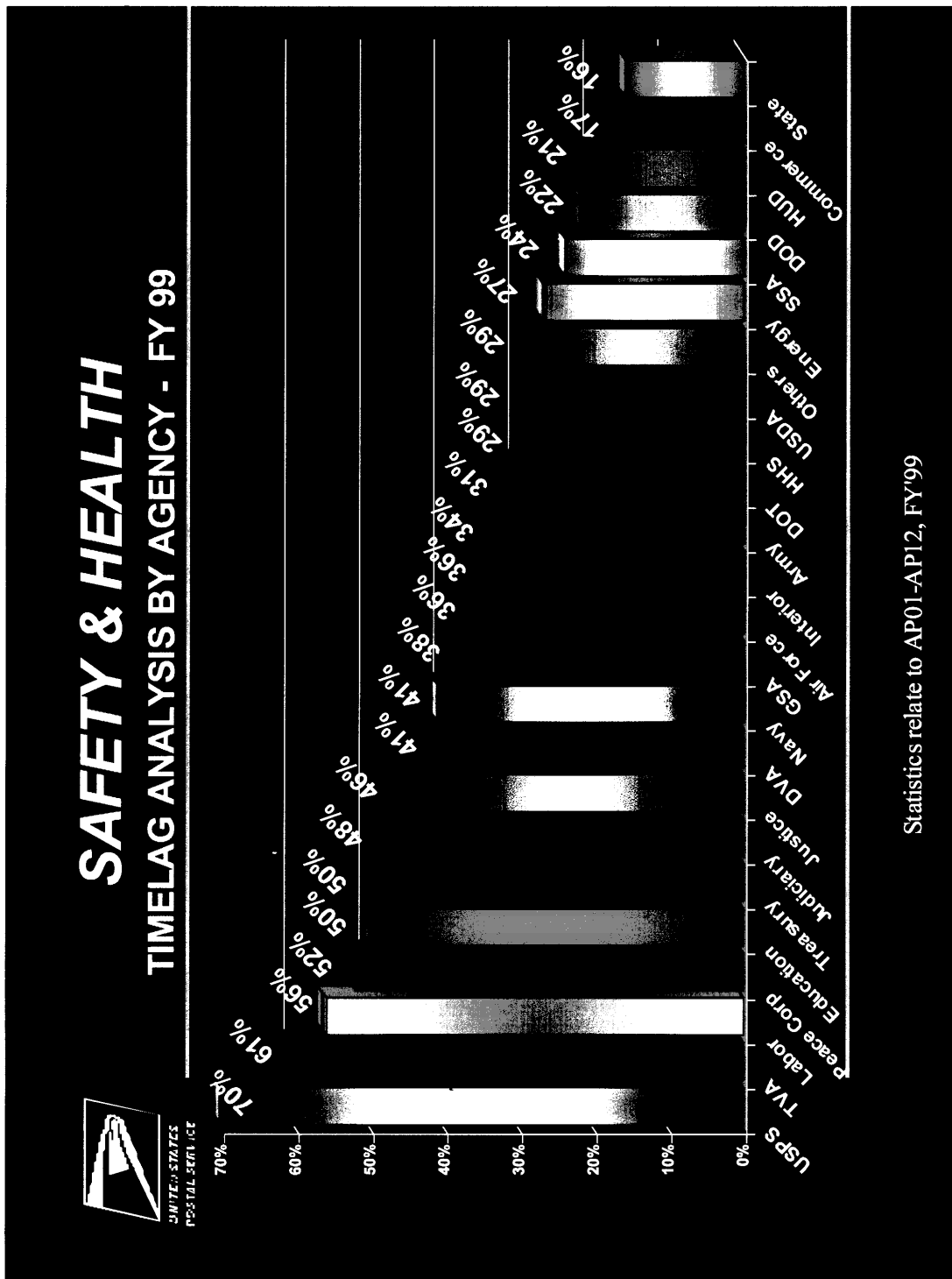
Footnote ten indicates that OSHA uses the OWCP's injury data to determine which agencies will be selected for oversight review and audit. Under the PESEA, the Postal Service came under OSHA "private sector" guidelines. It is our understanding that under these private sector OSHA regulations, OWCP data is not used for targeting purposes. Therefore, it is recommended that Footnote ten be updated to reflect the changes under the PESEA. Safety and Health, Headquarters, is a resource to obtain information on these changes.

Recommendations

4. Regarding recommendations for the Manager, Metro Operations:

- a) We concur with the recommendation to use current claim forms. The current Manager, Injury Compensation, has implemented a new process to ensure only current claim forms are used.
- b) We do not concur with the recommendation that original claim forms should be subsequently submitted as soon as possible after faxing the claims to the Department of Labor, Office of Workers' Compensation Programs. By agreement with the Office of Workers' Compensation Programs, District #25, original claim forms are filed in the Injury Compensation Control Office case file to prevent potential duplication of claims and related payments from the fund by the Office of Workers' Compensation Programs. The fax confirmation is maintained along with the original claim form.
- c) We concur with the recommendation to prevent the future faxing or mailing of file only claims, except when warranted as a result of an upgrade in filing status.
- d) We do not concur with the recommendation that Claim Control Registers be substantially completed for all open and for any future claim case files. With the change in Federal Employees Compensation Act regulations effective January 4, 1999, all communications with the employee's attending physician must be in writing (20CFR10.506). As a result, documentation on the Claim Control Register should be minimal to reflect only instances of telephone communications without subsequent written confirmation.





YVONNE D. MAGUIRE
VICE PRESIDENT
TRAINING RESOURCES

JUL 08 1997



July 1, 1997

VICE PRESIDENTS, AREA OPERATIONS

SUBJECT: Timely Reporting of Job-Related Injuries and Illnesses to OWCP

This is to request your assistance in an important workers' compensation cost control improvement strategy that should, if it can be achieved, improve our workers' compensation accrual adjustment and therefore, increase EVA. As I am sure you know, federal agencies, including the Postal Service, are required to submit an employee's notice of injury or illness (OWCP Forms CA-1 or CA-2) to the Office of Workers' Compensation Programs (OWCP) within 10 working days or 14 calendar days after its receipt from an injured employee. The Postal Service is currently only submitting 52.3% of its new claims within 14 days, according to data provided to us by the OWCP, through March 31. This deficiency was also identified in a joint audit conducted by the Inspection Service and the Department of Labor's Inspector General as much as two years ago. Since that time, we have brought the issue to the attention of field injury compensation professionals and have achieved some improvement. However, substantial improvement has eluded us.

OWCP has recently implemented Quality Case Management (QCM) procedures, which require early case management by their district offices. In order for us to get the full advantage of QCM it is critical for us to report our claims in a timely manner. Prompt reporting of cases enables claims examiners to become proactively involved in case management activities early in the development of a claim. Such activities can include the immediate assignment of a nurse, or other appropriate case management strategies, which will return our employees to work at the earliest date possible. Untimely reporting of new claims to OWCP, on the other hand, will delay active claims management under QCM procedures which may result in extended periods of disability.

The attached tables show the performance of the Postal Service in submitting CA-1s and CA-2s within the required time. This information was developed by OWCP and is displayed by their agency code designations. This results in the data being displayed in a different format than you normally view Postal Service data. We will shortly be able to produce these reports internally which will enable us to display these reports in a more familiar format. The tables are broken down by each area and its major facilities for three time periods plus a subtotal average for those time periods. This information should be sufficient to give you a sense of where the greatest problems are.

Our corporate goal is to report a minimum of 75% of our new claims to OWCP within 14 days after they are received. We are targeting to achieve this goal by fiscal year end. The following facilities have demonstrated that they can report new claims at a level of 80% or better:

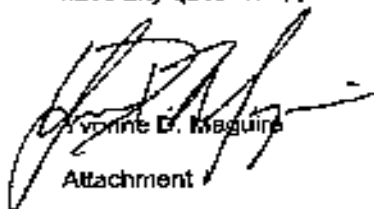
Allegheny (Cleveland) Cleveland MSC	80%
Allegheny (Philadelphia) Wilmington MSC	83%
NY Metro New Brunswick	80%

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FAC 202-268-8808

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Northeast Providence MSC	85%
Northeast Middlesex-Essex MSC	82%
Northeast Portland MSC	81%
Northeast Springfield MSC	80%
Southwest Shreveport MSC	89%
Southwest San Antonio MSC	84%
Southwest El Paso MSC	80%
Pacific Los Angeles PO	83%
Western (Denver) Denver BMC	81%
Western (Seattle) Seattle MSC	85%

Several districts are close to reporting 75% of their new claims within 14 days and should be able to achieve this goal without much difficulty. Other districts will require substantial changes in procedure and high level focus to achieve this goal. In order to assist you, we will provide this report, or, if possible, the newly formatted report that we are currently working on each accounting period. If you have any questions, please contact Larry B. Anderson at (202) 268-3675.



Yvonne D. McGuire

Attachment

cc: Mr. Coughlin
Mr. Henderson
Ms. Elcano
Mr. Hunter
Mr. Porras
Mr. Mahon
Mr. Meddem
Mr. Leavoy
Managers, Human Resources (Areas)
Human Resources Analysts/Injury Compensation (Areas)

**Major Contributors to
This Report:**

[REDACTED]